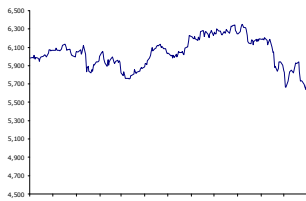


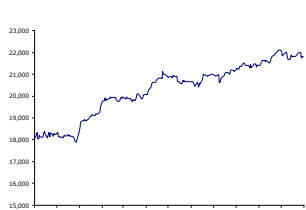
STATE ONE SPINNAKER

25 November 2018
Issue 438

12 month XJO chart



12 month Dow Jones chart



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Overview

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Global Wrap – 25 November 2018

World Markets	25/11/2018	18/11/2018	Wkly Chg	Mthly Chg	Yearly Chg
ASX 200	5716	5731	-0.3%	-2.0%	3.1%
Dow Jones	21798	21988	-0.9%	-1.0%	18.0%
Nasdaq	5284	5284	0.0%	-0.2%	21.9%
S&P 500	2633	2736	-3.8%	-2.9%	17.2%
FTSE 100	6953	7014	-0.9%	-2.5%	0.3%
DAX30	11193	11341	-1.3%	-2.2%	-14.2%
Shanghai Composite	2579	2704	-4.6%	-1.0%	-19.8%
Nikkei 225	21647	21821	-0.8%	-0.2%	15.4%
Hang Seng	25928	26184	-1.0%	3.8%	13.4%
Currency					
AUD/USD	0.7237	0.7293	-0.8%	-0.5%	-4.9%
Commodities					
Oil (\$/bbl)	50.4	57.4	-12.2%	-20.7%	-14.6%
Gas (\$/gal)	4.4	4.3	1.5%	31.0%	57.3%
Iron Ore (\$/t)	0.0	53.9	-100.0%	-100.0%	-100.0%
Copper (\$/t)	6210	6181	0.5%	2.3%	6.4%
Lead (\$/t)	1936	1960	-1.2%	3.7%	-16.9%
Zinc (\$/t)	2670	2641	1.1%	3.1%	-2.7%
Aluminium (\$/t)	1923	1940	-0.9%	-1.2%	11.0%
Nickel (\$/t)	10710	11280	-5.1%	-7.9%	-5.8%
Tin (\$/t)	19125	19400	-1.4%	-0.1%	-10.6%
Gold (\$/oz)	1223	1223	0.0%	0.6%	4.3%
Silver (\$/oz)	14.4	14.4	-0.1%	0.9%	-16.0%
Platinum (\$/oz)	845	847	-0.2%	0.6%	-9.9%
Wheat (\$/t)	506.500	515.500	-1.7%	2.2%	24.1%

Source: Iress

Global Wrap

Key points

1. Oil plunges

2. Mineral Resources soars on WA lithium project

3. Stock analysis: Coles a welcome addition on ASX

US

US stocks closed lower in a shortened post-holiday trading session on Friday as the energy sector tumbled on continued weakness in oil prices.

The three major US indexes all fell well over 3% for the week, with the Dow industrials and the Nasdaq posting their biggest weekly percentage declines since March, Reuters reported.

The S&P 500 ended about 10.2% down from its September 20 closing record high, confirming it had entered a correction.

On Friday, the S&P 500 energy sector fell 3.3%, dragged down by another plunge in oil prices as fears intensified that supply would overpower demand. **Oil** prices have plunged some 30% since the start of October.

Shares of oil majors Chevron and Exxon Mobil dropped 3.4% and 2.7%, respectively.

Aside from energy, declines in Apple and Amazon weighed on the S&P 500, underscoring the drop in technology and internet stocks that has marked this latest swoon in equities.

The Dow Jones Industrial Average fell 178.74 points, or 0.73%, to 24,285.95, the S&P 500 lost 17.37 points, or 0.66%, to 2,632.56 and the Nasdaq Composite dropped 33.27 points, or 0.48%, to 6,938.98.

Trading volume was relatively light with the session ending at 1pm local time following the Thanksgiving Day holiday, so investors said the day's action might carry less significance.

Next week a key consumer confidence index will be released on Tuesday, followed by the trade balance and GDP on Wednesday.

China

Stocks in Asia slipped on Friday as investors remained wary amid heightened tensions between the US and China, and uncertainties surrounding the UK's divorce negotiations with the European Union.

Mainland Chinese markets were among the biggest losers in Asia in percentage terms.

The Shanghai composite fell 2.49% to close at around 2,579.48 while the Shenzhen composite declined by 3.657% to 1,335.15.

Hong Kong's Hang Seng index also slipped 0.48% during its final hour of trade.

Concerns over trade tensions continue to build up ahead of the G20 next Friday and Saturday.

Chinese manufacturing PMI (Purchasing Managers Index) will be released on Friday ahead of the G20, and talks between Donald Trump and Xi Jinping that is to happen on the sidelines.

Japan

Japan's Nikkei share index was little changed on Thursday as investors stayed on the sidelines before a national holiday on Friday, but companies linked to inbound tourism demand rose after data showed a rebound in visitors in October.

Investors will be watching the release of Japanese PMI on Monday, then its jobless rate and industrial production on Thursday.

Europe

European stocks gyrated on Friday, partially affected by a steep dip in oil prices, CNBC reported. The pan-European Stoxx 600 moved lower in the early afternoon but recovered ground to close Friday's session provisionally 0.42% higher by the closing bell.

Weak data for the euro zone affected markets on Friday, with the IHS Markit's Flash Composite PMI (Purchasing Managers Index) for November coming in at 52.4. That still represents expansion but is the weakest number since late 2014.

Bond yields fell as investors increased bets that weak growth across the euro zone would slow the European Central Bank's plan to withdraw stimulus.

Investors will be watching the bank's president Mario Draghi's speech in the European Parliament on Monday for more clues.

Among a raft of data out on Thursday is German unemployment and CPI, followed by euro zone CPI on Friday.

Market focus is still largely attuned to Brexit developments, after a draft deal was reached between the UK and the European Union late Thursday.

The agreement follows a treaty last week that set the terms for Britain's withdrawal from the bloc in March 2019.

The British government still faces a daunting task in getting the deal through Parliament, with lawmakers deeply divided over the proposal in its current form.

Australia

Two strong trading sessions on Thursday and Friday weren't enough to stop Australian shares closing the week slightly lower, Fairfax reported.

The S&P/ASX 200 Index fell 14.4 points, or 0.3%, to 5716.2 this week as political risks including Brexit uncertainty and the Italian budget saga left the market trading defensively.

There are also fears about a deterioration in the outlook for global economic growth.

Materials were hit this week as base metals slipped and iron ore prices fell on the back of lower steel margins. BHP Group closed 2.5% lower at \$31.55, Rio Tinto slipped 3.2% to \$76.78 and South32 fell 6.5% to \$3.16, but Fortescue was up 0.25% to \$4.01.

As oil prices (see below) plunged local energy stocks slid in response this week, led by Woodside Petroleum which fell 2.8% to \$32.10. Santos closed 6.6% lower at \$5.76, WorleyParsons fell 10.7% to \$13.33 and Beach Energy closed at \$1.53, falling 11.3%.

Major banks closed higher despite the banking royal commission entering its seventh round.

Commonwealth Bank rose 3.5% to \$71.30, ANZ advanced 3.9% to \$26.34, Westpac closed 3% higher at \$26.04 and NAB lifted 3% to \$24.48.

Mineral Resources shares closed the week 15.6% higher at \$15.48 after it announced it had reached a deal to sell a half-share in its Wodgina lithium project to battery metals giant Albemarle for \$1.58 billion. Albemarle will form a 50-50 joint venture with Mineral Resources to own and operate the project and eventually build a lithium hydroxide plant at the mine about 100 kilometres from Port Hedland in WA's iron ore heartland.

Commodities

Oil prices slumped to their lowest levels in more than a year on Friday, deepening a rapid seven-week sell-off that has plunged crude futures deep into a bear market.

Friday's declines further ramp up the pressure on OPEC ahead of a much-anticipated meeting between the influential oil cartel and its allied partners. OPEC and non-OPEC members are expected to start curtailing output at a meeting in Vienna on December 6.

Steel margins have come off heavily in China in the past few weeks, largely on the back of lower steel prices. Margins are currently sitting at their lowest level since May 2017 when the price spiked dramatically. The flow on effect for the **iron ore** market will be felt soon as steelmakers look to buy cheaper, lower grade iron ore products or demand discounts on higher grades. Iron ore prices are down 5.8% in the past month.

Stock analysis: Coles, a welcome addition to the listed supermarket space!

ASX investors now have a third supermarket group to invest in.

Coles (ASX:COL) landed on the Australian Stock Exchange as a stand-alone company on Wednesday. With a market value of A\$17 billion, COL is an ASX 20-top giant, but one that is trading at a discount to its direct competitor Woolworths. At \$12.75 a share, Coles is trading at a value of 21 times its historic FY18 earnings, compared to Woolworths' FY18A P/E of 23.5x and Metcash's 12.3x.

The soon-to-be separate Coles Group is planning on expanding its store network with small format stores after exiting Wesfarmers Ltd (ASX: WES). The newly independent Coles will contain Coles Supermarkets, Coles Financial Services, Liquorland, Vintage Cellars, First Choice, Coles Express and a 50% interest in flybuys and freehold property holdings - a pretty good business portfolio.

Wesfarmers shareholders will receive one Coles share for every Wesfarmers share that they own.

The plan for dividends is that the two separate businesses will pay roughly the same level of dividends as a combined entity would have at the start. Wesfarmers continues to hold 15% of Coles' shares.

Coles is already a national supermarket chain, but it has plans to grow in inner-city and 'local' locations by rolling out Coles Local.

These are half the size of a regular supermarket and will only stock one third of the number of products – around 8,000. This number will still allow people to do a full supermarket shop. It will have a focus on fresh food and convenience meals. The idea is to challenge Metcash Limited's supplied IGAs, Harris Farms and WOW's Metro stores.

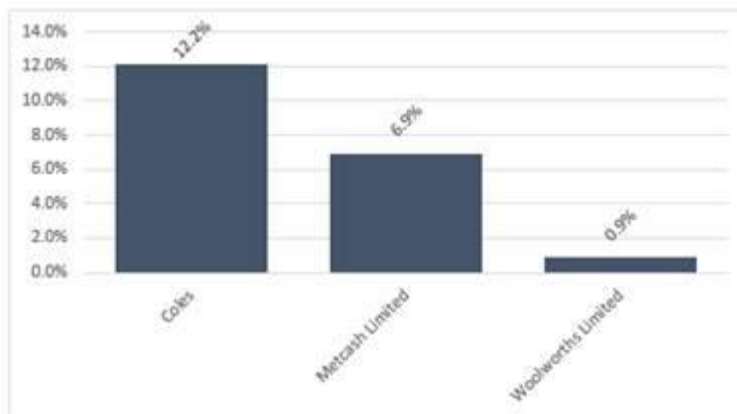
Macquarie and Goldman Sachs, the two investment banks which were asked with selling Wesfarmers' \$20 billion demerger of Coles, have mixed views on the food and liquor retailer's outlook. Initiating coverage after Coles' first day of trading as a standalone company in 32 years, Macquarie valued Coles at \$12.05 with a neutral recommendation with a 12-month price target of \$13.48, while Goldman Sachs rated Coles a buy with a \$14.80 price target. The divergence in valuations echoes broader uncertainty among retail analysts about Coles' performance in its first year out of the Wesfarmers stable and its longer-term prospects (new entrants, Amazon).

At current share price levels, and at current IRESS consensus target prices, Coles offers the most upside potential at 12.2%. Woolworth's offers the least upside potential at 0.9%.






















Forecast total return for ASX-listed supermarket operators

Security	Name	Share Price (A\$)	Target Price (A\$)	Capital upside / (downside) (%)	FY19E Dividend (A\$)	FY19E DY (%)	Total Return (%)
COL	Coles	12.75	13.90	9.0%	0.40	3.1%	12.2%
MTS	Metcash Limited	2.74	2.78	1.5%	0.15	5.5%	6.9%
WOW	Woolworths Limited	28.91	28.15	-2.6%	1.01	3.5%	0.9%

Source: IRESS, compiled by State One Stockbroking
























Economic Calendar 26/11/2018 – 30/11/2018

Monday November 26 2018			Actual	Previous	Consensus
05:00 PM	 DE	Ifo Business Climate NOV		102.8	102.3
Wednesday November 28 2018			Actual	Previous	Consensus
08:00 PM	 DE	GfK Consumer Confidence DEC		10.6	10.5
09:30 PM	 US	GDP Growth Rate QoQ 2nd Est Q3		4.2%	3.5%
11:00 PM	 US	New Home Sales OCT		0.553M	0.578M
Thursday November 29 2018			Actual	Previous	Consensus
04:55 PM	 DE	Unemployment Change NOV		-11K	-10K
04:55 PM	 DE	Unemployment Rate NOV		5.1%	5.1%
06:00 PM	 EA	Business Confidence NOV		1.01	0.96
09:00 PM	 DE	Inflation Rate YoY PreI NOV		2.5%	2.3%
09:30 PM	 US	Personal Income MoM OCT		0.2%	0.4%
09:30 PM	 US	Personal Spending MoM OCT		0.4%	0.4%
Friday November 30 2018			Actual	Previous	Consensus
03:00 AM	 US	FOMC Minutes			+
07:30 AM	 JP	Unemployment Rate OCT		2.3%	2.3%
08:01 AM	 GB	GfK Consumer Confidence NOV		-10	-11
09:00 AM	 CN	NBS Manufacturing PMI NOV		50.2	50.6
01:00 PM	 JP	Consumer Confidence NOV		43.0	+
06:00 PM	 EA	Unemployment Rate OCT		8.1%	8%
07:00 PM	 BR	GDP Growth Rate QoQ Q3		0.2%	0.8%
07:00 PM	 BR	GDP Growth Rate YoY Q3		1%	1.6%
08:00 PM	 IN	GDP Growth Rate YoY Q3		8.2%	7.6%
09:30 PM	 CA	GDP Growth Rate QoQ Q3		0.7%	+
09:30 PM	 CA	GDP Growth Rate Annualized Q3		2.9%	1.9%

Source: www.tradingeconomics.com

Economic Calendar 3/12/2018 – 7/12/2018

Monday December 03 2018			Actual	Previous	Consensus
01:45 AM	 CN	Caixin Manufacturing PMI NOV		50.1	49.9
03:00 PM	 US	ISM Manufacturing PMI NOV		57.7	58.0
Tuesday December 04 2018			Actual	Previous	Consensus
03:30 AM	 AU	RBA Interest Rate Decision		1.5%	1.5%
Wednesday December 05 2018			Actual	Previous	Consensus
12:30 AM	 AU	GDP Growth Rate YoY Q3		3.4%	2.8%
12:30 AM	 AU	GDP Growth Rate QoQ Q3		0.9%	0.7%
09:00 AM	 IN	RBI Interest Rate Decision		6.5%	+
01:15 PM	 US	ADP Employment Change NOV		227K	189K
03:00 PM	 CA	BoC Interest Rate Decision		1.75%	+
03:00 PM	 US	ISM Non-Manufacturing PMI NOV		60.3	60.0
	 EA	ECB Non-Monetary Policy Meeting			
Thursday December 06 2018			Actual	Previous	Consensus
12:30 AM	 AU	Balance of Trade OCT		A\$3.017B	A\$1.7B
01:30 PM	 CA	Balance of Trade OCT		C\$-0.42B	+
01:30 PM	 US	Balance of Trade OCT		\$-54B	\$-53.9B
03:00 PM	 CA	Ivey PMI s.a NOV		61.8	+
Friday December 07 2018			Actual	Previous	Consensus
10:00 AM	 EA	GDP Growth Rate YoY 3rd Est Q3		2.2%	1.7%
10:00 AM	 EA	GDP Growth Rate QoQ 3rd Est Q3		0.4%	0.2%
01:30 PM	 CA	Unemployment Rate NOV		5.8%	5.9%
01:30 PM	 CA	Employment Change NOV		11.2K	10K
01:30 PM	 US	Unemployment Rate NOV		3.7%	3.7%
01:30 PM	 US	Non Farm Payrolls NOV		250K	205K
03:00 PM	 US	Michigan Consumer Sentiment Prel DEC		97.5	+

Source: www.tradingeconomics.com

All Ords Top 10 Week Ending 23 November 2018

10 Best Performing Stocks Weekly (%)			10 Worst Performing Stocks Weekly (%)		
TME	Trade Me Group	18.6	WES	Wesfarmers Limited	-28.2
MIN	Mineral Resources.	15.6	CYB	Cybg PLC	-24.2
SAR	Saracen Mineral	5.3	FBU	Fletcher Building	-17.0
CAR	Carsales.Com Ltd.	4.9	EHLDA	Emeco Holdings	-14.6
SHL	Sonic Healthcare	4.7	BVS	Bravura Solution Ltd	-13.1
DHG	Domain Holdings Aus	4.7	APT	Afterpay Touch	-12.4
GMG	Goodman Group	4.4	BPT	Beach Energy Limited	-11.3
DXS	Dexus	4.3	XRO	Xero Ltd	-11.2
COH	Cochlear Limited	4.2	ALU	Altium Limited	-11.0
ANZ	ANZ Banking Grp Ltd	3.9	BKW	Brickworks Limited	-10.9

Source: IRESS

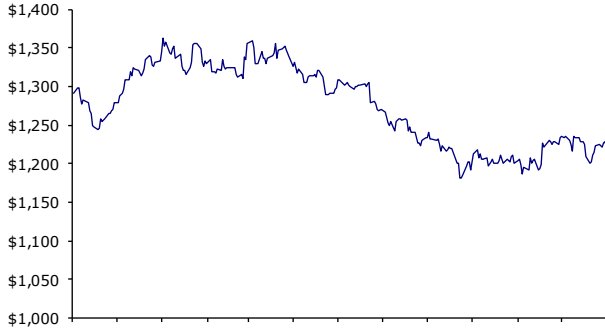
S & P Indices Week Ending 23 November 2018

S&P Indices	25/11/2018	18/11/2018	Wkly Chg	Mthly Chg	Yearly Chg
S&P 200 Energy	10194	10592	-3.8%	-8.0%	14.6%
S&P 200 Materials	10979	11248	-2.4%	-2.9%	10.9%
S&P 200 Industrials	5713	5747	-0.6%	-1.0%	12.0%
S&P 200 Consumer Disc.	2185	2231	-2.0%	-3.3%	4.4%
S&P 200 Consumer Staples	10526	10375	1.5%	0.0%	23.0%
S&P 200 Healthcare	28371	28349	0.1%	-2.6%	47.2%
S&P 200 Financials	5731	5636	1.7%	-0.5%	-10.1%
S&P 200 Info Technology	1042	1133	-8.0%	-5.3%	34.0%
S&P 200 Telecommunicatic	1078	1107	-2.6%	-3.7%	-38.6%
S&P 200 Utilities	7338	7301	0.5%	-1.1%	-2.7%
S&P 200 Property Trusts	1405	1372	2.4%	1.6%	4.7%
S&P 200 Financials ex PT	6392	6286	1.7%	-0.5%	-10.1%

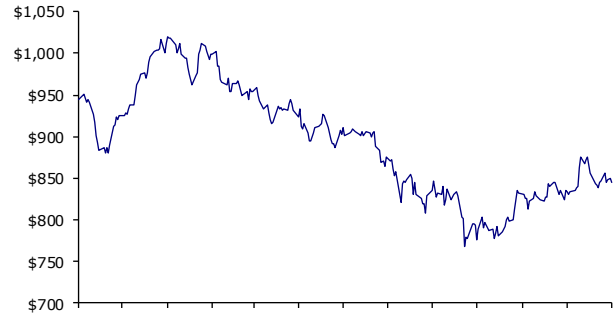
Source: IRESS

1 Year Commodity Price Charts

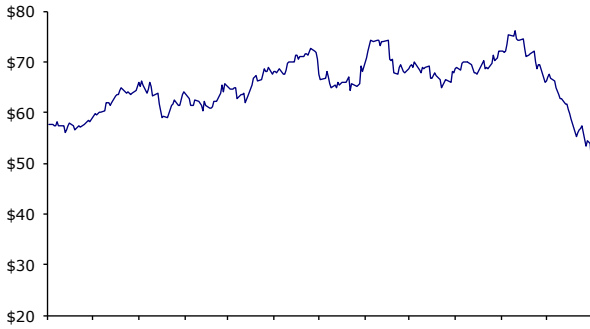
1 Year Gold



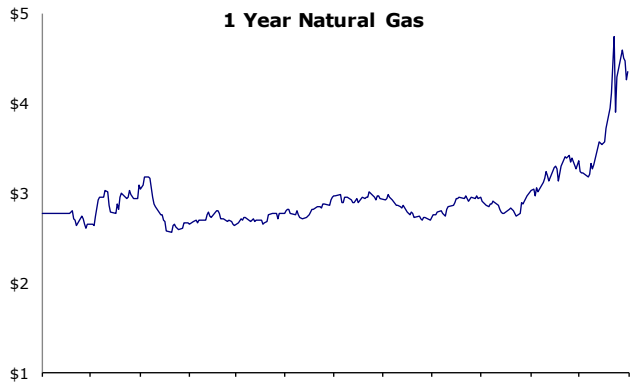
1 Year Platinum



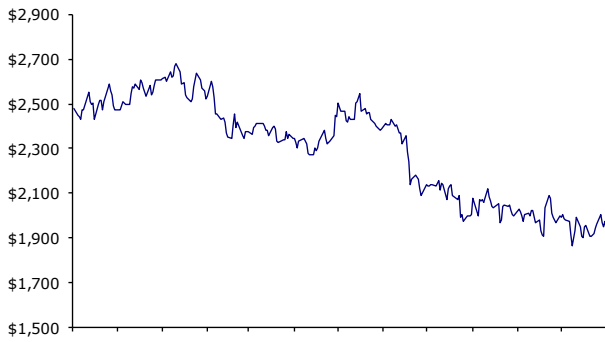
1 Year Oil



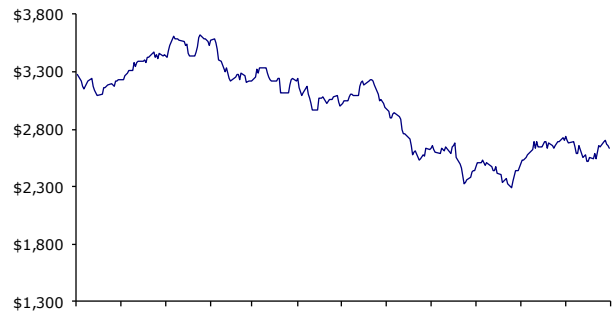
1 Year Natural Gas



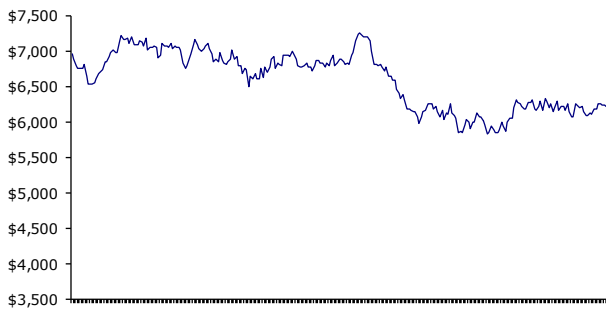
1 Year Lead



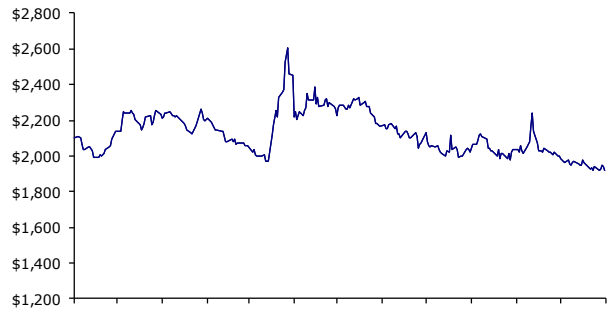
1 Year Zinc



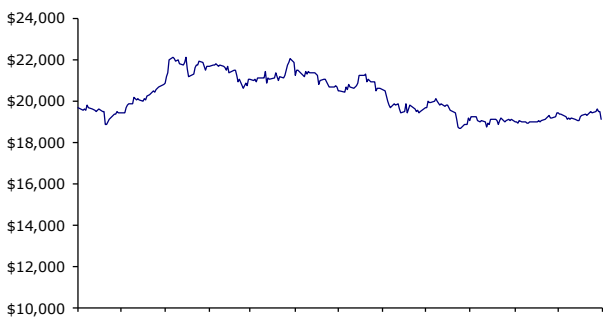
1 Year Copper



1 Year Aluminium

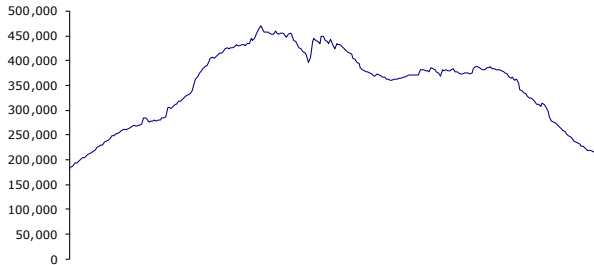


1 Year Tin

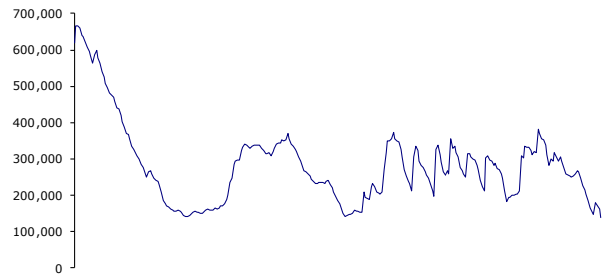


5 Year Metals Stockpiles

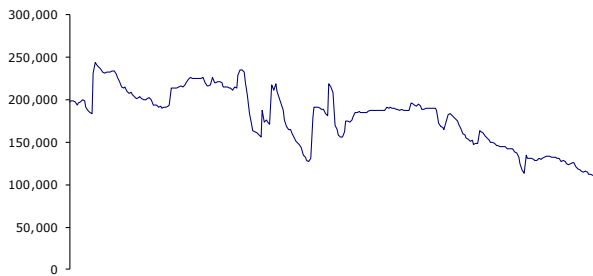
Nickel LME Stockpiles - 5 Year



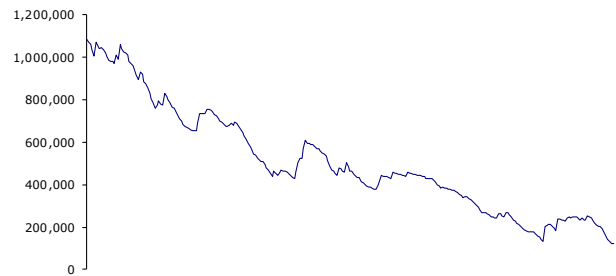
Copper LME Stockpiles - 5 Year



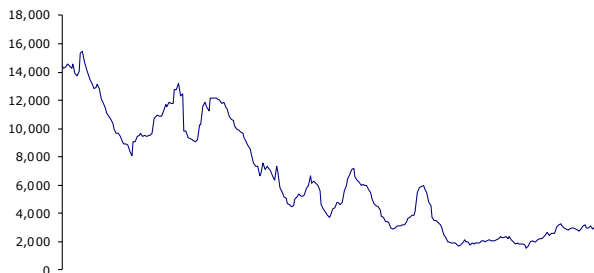
Lead LME Stockpiles - 5 Year



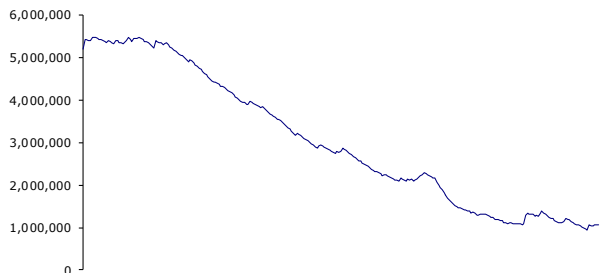
Zinc LME Stockpiles - 5 Year



Tin LME Stockpiles - 5 Year



Aluminium LME Stockpiles - 5 Year



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